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THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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PROGRESS DURING THE DECADE
1951-1961

I N D E X

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(Compiled March 27, 1962)

UTILITIES UNDER PUBLIC UTILITY COMMISSION
JURISDICTION AS OF JAN. 1, 1952

TRANSPORTATION

Railroads	55
Railway Express	1
Street Railways	2
Aircraft	49
Buses	609
Taxis	630
Trucks	5,033
Ferries	11
Motorboats	11
Incline Planes	3
Stock Yards	2

FIXED SERVICE

Electric	24
Gas	33
Pipelines (Gas, Oil)	5
Telephone	90
Telegraph	20
Water	483
Sewerage	18
Steam Heat	20
Wharfage	1

Total Transportation Utilities 6,406

Total Fixed Service Utilities 729

TOTAL 7,135

(*The telegraph company in addition to Western Union is the Philadelphia Local Telegraph Co. furnishing only stock quotations and commercial news by ticker in the city.)

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(Note: There are fewer utilities today than in 1951, primarily because numerous small independent telephone companies have been absorbed into the Bell Telephone Co. system. Many small independent truckers, too, sold short-distance routes to larger lines. The old, clanging trolley lines have disappeared everywhere except in the metropolitan areas, where streamlined versions remain. There were nine street railways in 1951. Three are left--Pittsburgh Railways Co., Philadelphia Transportation Co., and the Red Arrow Lines in suburban Philadelphia.)

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THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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THE GENERAL PICTURE
SHOWING PROGRESS BETWEEN 1951-62

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Important advances have been made on many fronts in behalf of Pennsylvania's citizens during the past decade, with progress in the field of public utility regulation among the most notable.

Not since 1914, when the commonwealth's basic regulatory law was initiated, has there been such a heartening display of consumer protection as pervades the Public Utility Commission's far-reaching decisions and actions today.

Moving aggressively to keep rates down and improve service, the PUC has reached new levels on the rates, service and safety fronts, particularly since the mid-50's.

Thus was it possible for Gov. David L. Lawrence on March 2, 1962, to cite the commission's work as an outstanding example of accomplishment by the State Administration in recent years.

During the last decade, rate payers have been getting the fair shake they deserve while utilities vital to the public welfare thrive under equitable, non-punitive control of charges for improved standards of service provided by their multi-billion-dollar monopolies.

This has been accomplished with no impairment of utility securities or capacity to borrow millions for plant expansion to meet continually growing service demands.

Magnitude of the PUC's job is reflected in the fact that it regulates 729 fixed service companies--such as gas, electricity, telephone, steam heat, water and sewerage--and 6,406 railroad, bus, truck and taxi lines.

GENERAL PICTURE
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In addition to rate savings, the commission has made impressive strides to speed and satisfy consumer service complaints, increase safety and convenience of utility users, streamline public hearings to save time and money, and build up an adequate, competent staff, particularly in the sorely-needed fields of law and engineering.

The PUC's record of vigilance in protecting the consumer speaks for itself and has been recognized editorially by segments of the daily press. Said the Sunbury Daily Item, for example, this month:

"Defender of the people, a primary role of the Pennsylvania Public Utility Commission, had little meaning over a long period of years. Indeed, there were times when the burden of proof requirements imposed by the commission upon the public in rate protests and service complaints raised questions about whose interests the agency was protecting.

"The extent to which this conception of responsibility has changed in recent years is again reflected in action by the PUC protesting to the Interstate Commerce Commission a Pennsylvania Railroad petition to withdraw its last two daylight passenger trains...between Harrisburg and Buffalo via Sunbury..."

The PUC put its entire rates staff at disposal of a lone complainant against a rate increase by the Jersey Shore Water Co., prompting the Lock Haven Express to say editorially in 1959 that "the PUC will listen to even one voice when it attempts to speak for the community interest."

Favorable comment has appeared also in the metropolitan dailies and other newspapers throughout the state.

On July 22, 1956, the Philadelphia Bulletin said "a sudden get tough policy by the PUC is bringing fan mail to the once much-criticized rate and service-fixing agency."

GENERAL PICTURE
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The Philadelphia Inquirer on Dec. 29, 1957, carried a Page 1 story titled "PUC Proud of Work as Champion of Public."

A story in the Pittsburgh Press Oct. 2, 1960, said "PUC Now Consumer's Friend," accompanied by a piece on "How PUC Operated in Public Interest."

Today's regulatory job--biggest and best since it began 48 years ago--is being done with 349 employees on the active PUC payroll, or only 25 more than a decade ago.

This modern, progressive regulation costs the taxpayer next to nothing. The state expended only a nominal \$90,200 for commission functions during the fiscal period ended in December, 1961. This is because the PUC recoups from utilities about 95 per cent of the expense to regulate them.

And one of the best yardsticks for measuring the PUC's fairness in behalf of both the utility and its consumer is the fact that the commission is upheld in most cases where its decisions are appealed to the State Superior Court.

Directly in line with this Administration's policies to protect the consumer while maintaining healthy utilities, the current PUC operation was aptly described this way by Chairman Joseph Sharfsain:

"Utility regulation has come of age. We intend to make this maturity permanent so that in the decades to come Pennsylvanians will set the pace for the nation--with its citizens enjoying, as a matter of course, fair rates for top service from financially healthy public utilities."

Besides Sharfsain, of Philadelphia, members of the PUC are:

P. Stephen Stahlnecker, Philadelphia; Robert W. Anthony, Altoona; William F. O'Hara, Scranton, and Dr. John L. Dorris, Nanticoke. The commission is manned by Democrats with exception of Stahlnecker.



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GENERAL PICTURE
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Gov. Lawrence named Sharfsin chairman last April, and appointed Anthony, O'Hara and Dorris. Anthony and O'Hara took office in 1960; Dorris in 1961. Stahlnecker has been on the commission since 1952, having been reappointed by former Gov. George M. Leader to a full 10-year term in 1957.

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THE OVERALL REGULATORY APPROACH

Paramount in the current regulatory philosophy is vigilance in protecting the public interest as to both rates and service without hamstringing vital utility operations.

This awareness of the consumer interest developed greatly during the past decade, and gathered increased momentum when Chairman Sharfsin, first appointed to the PUC as a member in 1956 by former Gov. Leader, joined forces with Commissioner Stahlnecker and former Chairman Leon Schwartz.

The drive for consumer-utility equality built up a full head of steam after Gov. Lawrence named Sharfsin chairman last year and put Commissioners Anthony, O'Hara and Dorris on the commission. Stahlnecker had been reappointed earlier by former Gov. Leader in recognition of his progressive attitude.

Impressive proof that rate payers are getting a fair break lies in the PUC's approach to rate increases. The commission suspends for public hearings all proposed rate increases BEFORE the effective date where there is substantial, valid complaint. Utilities must prove the need for what they may get at full, open public hearings in the present-day picture.

The PUC has gone a giant step further by fighting in the federal regulatory arena for lower natural gas rates and retention of essential train service in the commonwealth. This marks the first time such action has ever been taken on such a scale.

Where it has direct jurisdiction over intrastate transportation, the PUC follows a policy of retaining essential train and bus service, giving consumer welfare and convenience priority over claimed financial losses and proposals to abandon lines. It has even succeeded through informal negotiation, where formal machinery failed, in ending crippling strikes and restoring service (this phase is treated more fully in a separate subject)

OVERALL APPROACH

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Extremely significant is new ground broken to establish fast, direct contact on the sweeping utility service front. Outstanding was creation last year of a new bureau marking a milestone in regulation aimed at improving service, extending it to more people faster and adjusting complaints promptly.

A The new bureau, titled "Investigations Service and Enforcement," represents unification of service activities for the first time in PUC history. It has developed heretofore unknown "personalized" contact with consumers to settle complaints swiftly and create a better understanding between the companies, their patrons and the commission.

The old "we-acknowledge-receipt-of-your-letter" reply to long-suffering complainants is out. In most cases there is direct personal or telephone contact with consumers complaining of anything from rusty water to questionable bills. Dozens of protests are being settled monthly to satisfaction of consumers.

The stage was set through a procedure that gets utilities and customers together informally. Discussions with staff specialists have been so successful in achieving results that consumers are moved to send thank-you notes to commission members (they are on file for the most skeptical to view).

Mayors, city solicitors and community leaders readily attest, along with consumers, to success of the new approach. A spirit of cooperation gives the people's official and legal representatives full and timely opportunity to be heard along with the legal talent of utilities.

Organized labor, too, gets the same consideration. The PUC welcomes ideas about improving service and working conditions for thousands of railroad, mass transit and other utility workers. It acts promptly and affirmatively on labor's appeals for safety, particularly in railroad yards.

OVERALL APPROACH
Page Three

This wholesome atmosphere required an internal commission renovation, but the challenges were met to streamline operations, speed up a bad regulatory lag and maintain an adequate, competent staff.

With Gov. Lawrence's full support, the PUC has put into action ¹Sharfstein's model plan to expedite public hearings which have been moving at a sluggish pace for nearly a half-century. Crux of the plan, swiftly adopted by the full commission in February this year, is the prehearing conference between counsel for utilities and consumers which cuts testimony-taking drastically to save time and money for all parties. (This plan is outlined in a separate subject.)

Realizing the urgent need to keep and attract qualified engineers, analysts and other specialized technicians, the PUC inaugurated a job reclassification and pay plan to meet the serious competition of private industry for such greatly needed help. With starting technician salaries made more attractive, the commission has succeeded in getting cooperation of the University of Pennsylvania and Drexel Institute in effort to attract graduate engineers to PUC posts--another of the many "firsts" scored in recent years.

THE RATE PICTURE

The tabulations immediately following show indisputably the Public Utility Commission's awareness during the past decade of the consumer interest in the most critical area of its regulatory function--rates.

Cynosure of the consumer's eye is, undeniably, size of his transportation fare and monthly bill for essential utility service in the home, business, store, office, shop and plant.

This single fact overrides all others as a barometer of the commission's protection of consumer rates!

The total amount of rate increases sought by all classes of utilities in 1951 was \$41,199,501, of which \$24,114,295, or 83 per cent, was allowed to go in effect after investigation. But in 1961, only \$10,290,426 was proposed, with \$6,596,005, or 64 per cent, ultimately granted following inquiry.

Significance of those figures rests chiefly in size of the overall amount of rate boosts requested in 1961 as contrasted with that for 1951. This mirrors realization of the commission's stiffened attitude toward periodic rate proposals at a time, particularly during the past two years, when it cut millions of dollars off existing rates!

It is important, to grasp full meaning of the relatively new attitude toward the consumer interest, to note that a sizeable chunk of the 1961 rate increases was in natural gas bills. Those hikes, however, are small in comparison to the devastatingly high levels to which they would have zoomed save for the PUC's battle before the Federal Power Commission to keep costs down at the producer-wholesale pipeline supplier price stage.

Of the \$3,308,193 in fixed service rate increases last year, \$1,261,126 was attributable to natural gas companies. Of that amount, \$1,104,068, or 87.5%, was due to increases in rates at which gas is purchased wholesale from interstate suppliers.

That high percentage constitutes the serious problem faced by state gas distributors and the PUC because of substantial and repetitious increases in wholesale gas bought from interstate pipeline suppliers.

The so-called cost-of-gas increases, as filed by state utilities with the PUC, are only in amounts sufficient to offset those made by the suppliers and produce no additional net return. Nevertheless, the impact of the repeated increases on the consuming public is well recognized--and being fought successfully by the PUC.

The commission requires all state utilities to stipulate rate cuts and refunds for Pennsylvania consumers in all cases where PUC orders them after final determination of pipeline increase proposals. Boosts filed by wholesale suppliers with PUC are, in most instances, allowed to go in effect under bond, with actual adjudication often lagging for years.

One other important rate facet: With bus and rail patronage dropping at the fastest rate in history during the last 10 years, there has been little or no alternative to mass transit line fare increases. It has been, literally, a choice of granting higher fares to meet increased wages, among other rising operating costs, or abandonment of service still essential for thousands upon thousands of riders. Thus, about half of the total 1961 increases, or \$3,287,812, were in the transportation field.

RATE

Fixed Service 1



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ELECTRIC POWER

The PUC smashed tradition in May of 1960 when it opened a widespread investigation into current electric power firms and came up the same year with annual rate reductions of \$3,300,000 for thousands of consumers throughout the state.

Ten power utilities made cuts voluntarily after the probe of existing rates began. Largest was a 32,11% slash made by the Pennsylvania Electric Co. of Jonestown.

The inquiry came after the PUC ordered electric and telephone companies to file quarterly financial statements in addition to the routine annual reports. This move in itself represented one of the many "firsts" inaugurated by the commission in recent years.

A continuing check of the quarterly reports, showing up-to-the-minute operating data, permits the PUC to detect promptly any upward spiral. Where existing rates appear too high, therefore, the commission can move to investigate and lower them.

That action was preceded by a 1956 order requiring the Pennsylvania Power & Light Co., Allentown, to refund \$9,000,000 to some 600,000 consumers then served in 28 Eastern Pennsylvania counties. This initial breakthrough in electric rates brought accolades.

Eager to keep power rates at the lowest possible level, the agency last year intervened in court action to determine whether price-fixed equipment purchases by the state's electric utility industry adversely affects cost of service to some 3½ million consumers. Commission action came after end of the nation's biggest antitrust case in which 29 electric equipment corporations were fined.

ELECTRIC POWER
Page Two

An eye is cocked on development of atomic energy for commercial lighting and heating, with interest centered on possibility of lower electricity costs in the future. Of major concern to the PUC is what happens at the big experimental nuclear plant at Peach Bottom near York to be built by the Philadelphia Electric Co. and 52 other electric utilities in the nation. The PUC has kept abreast of developments at the Shippingport nuclear power plant, first of its kind in the U. S., so it can ultimately be in position to evaluate quickly the cost of atomic energy for residential and industrial use.

Pertinent statistics:

The number of electric customers served at Dec. 31, 1960,* amounted to 3,600,000, an increase of 18% over 1951; the plant investment at 1960 was about \$3.5 billion, an increase of 92% over 1951; and the annual electric revenues were \$726 million in 1960, an increase of about 52% over 1951.

*1961 report not available

NATURAL GAS

One of the most compelling demonstrations of the PUC's interest in consumer welfare lies in the field of natural gas rates. This came in 1960 when the commission started an unprecedented battle at the federal level to halt an endless round of gas rate boosts.

Increases in the cost of gas, passed on from producer to pipeline to distributing utility to the consumer in the state came with such alarming frequency that the commission took several new actions to stem them.

It hired a Washington (D.C.) engineering consulting firm to fight the wholesale natural gas pipeline increases before the Federal Power Commission to prevent boosts from being passed on to Pennsylvania consumers or hold them to a minimum.

The PUC, joined by the cities of Philadelphia and Pittsburgh and a number of gas utilities hard hit with pipeline price hikes, has succeeded in halting the tidal wave of higher rates--chiefly to the relief and benefit of consumers of the Pittsburgh area's three major natural gas companies and the Philadelphia Electric Company's gas division.

How successful this new venture? As of February, 1962, the PUC was able to show it won approximately \$10,000,000 in refunds and some \$3,000,000 in annual cuts in existing rates. These significant triumphs for rate-rocked Pennsylvanians resulted from intervention in numerous pipeline rate cases before FPC since 1960. And the end is by no means in sight, with millions more expected to be saved in gas costs when pending litigation is settled.

Realizing that gas rate increases had to be nipped at the source, the PUC fought--and recently won--a major court battle that will keep consumer costs down. This primary objective was achieved in the first-time fixing of, and cutback in, natural gas producer prices by FPC. Heretofore, FPC did not require producers to justify price increases to pipeline suppliers, the step which triggered the higher cost cycle at ultimate expense of the consumer.

In still another area of the natural gas fight, the PUC has urged the state's congressional delegation to support legislation that would prohibit pyramided rate increases by pipelines to eliminate a heavy backlog of undisposed applications for boosts before FPC. The PUC, incidentally, does not permit a rate increase on top of another that is pending.

Pertinent statistics:

The gas industry (natural and manufactured) experienced the greatest expansion in the past decade. In 1960,^{*} there were 2,650,000 gas customers, an increase of 70% over 1951; investment in gas plant was \$980.5 million in 1960, an increase of 67% over 1951; annual revenues were \$432 million in 1960, an increase of 120% over 1951. A substantial portion of the increased revenue volume in the gas industry was made possible by the expanded availability, in Pennsylvania, of southwestern natural gas, which was transported by interstate pipeline carriers.

^{*}1961 report not available

TELEPHONE

A major move in the consumer's battle was made in 1961 when hearings started in an investigation into current earnings and rates of the Bell Telephone Co., biggest utility in the state. This was the first action of its kind in modern times.

Hearings were completed last month and voluminous testimony is now being reviewed preparatory to a final order. The big question to be decided, of course, is whether Bell is or is not earning too much money. Regardless of the answer, however, the chief point is that the PUC did not wait for Bell to ask for a rate increase, but opened its own inquiry into existing telephone service charges.

The PUC slashed Bell's proposed \$37,000,000 increase in 1956 to \$13,500,000, or 63½ per cent less than it sought. In 1958, the commission rejected in its entirety a \$2,772,000 boost which Bell wanted to make in installation charges.

Bell, serving nearly 3,000,000 subscribers in the state, has not made any rate increase requests since.

As to service, Bell has followed the PUC's suggestions in taking over a number of small independent telephone companies when financial difficulties threatened to deprive hundreds of rural residents of needed lines in recent years.

The PUC has underway a continuing drive for improved service by the 89 independent telephone companies. Emphasis is on elimination of multi-party lines and plant modernization.

In this connection, the PUC fined the York Telephone & Telegraph Co. a record \$52,500 in 1955--an unheard-of crackdown for long-standing failure to modernize and provide adequate service. The penalty was later reduced by the State Superior Court to \$32,750. The action was started in 1950.

Pertinent statistics:

Telephone industry gains between 1951 and 1960^{*} were substantial. For example: the number of stations served at Dec. 31, 1960, was 5,000,000, an increase of 53% over 1951; plant investment was about \$1.5 billion at 1960, an increase of 104% over 1951, and the annual revenues amounted to \$4.79 billion in 1960, an increase of 103% over 1951.

Furthermore, in 1951, 76% of the families in Pennsylvania had telephones, whereas in 1960 the number increased to 85%, a gain of about 11%. The average number of toll messages per day was 535,000 in 1951, compared with 907,000 in 1960, or an increase of 69%.

*1961 report not available

PLAN TO END REGULATORY LAG

The PUC in February this year adopted a new regulatory procedure designed to streamline public hearings in utility rate and service cases and cut months off the time it now takes to reach decisions.

The speedup plan, featuring a new prehearing conference technique, is first of its kind among utility regulating commissions in the U. S. and is expected to serve as the model for a number of state commissions.

Chairman Joseph Sharfsin conceived the plan which was drafted with the help of a special committee comprised of attorneys representing city solicitor offices, including those in Philadelphia and Pittsburgh, and the utility industry.

Heart of the speedup procedure is the prehearing conference between counsel for utilities and consumers to set ground rules, narrow the technical issues and cut actual hearing testimony to a minimum, particularly in major rate cases.

Long concerned over the time-consuming regulatory lag under present hearing regulations, the commission feels confident that the new approach will speed the regulatory process and save time and money for both utilities and consumers.

The new method of handling important rate cases will pinpoint issues to be resolved for concise, telescoped presentation of prepared evidence on the pertinent questions before start of hearings, many of which drag through the full, nine-month statutory suspension period.

If successful, as the PUC believes it will be, the prehearing procedure should so streamline the regulatory process that even complicated cases can be concluded by end of the initial six-month suspension period and well before it. In fact, hearings may be cut 50 per cent.

Net effect of the new plan will be to eliminate a great deal of wasted motion, verbiage and relatively immaterial details which consume so much time, money and effort in the average formal rate case proceeding.

The plan got its first major rate case test this month in connection with a suspended \$1,003,000 annual increase sought by the South Pittsburgh Water Co. After a meeting of PUC attorneys and rate experts with counsel for the protesting city of Pittsburgh and the company, the prediction is that the case will be settled in record time.

A prehearing conference held recently on a Franklin borough service complaint against Peoples Natural Gas Co. of Pittsburgh was so successful that the matter will probably be resolved without even going to hearing.

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MASS TRANSIT
RAILROADS--BUSES

Of the myriad of service problems in which the PUC is always knee-deep, the field of mass transit has become a major concern during the past decade. In face of the twin dilemma of traffic congestion and the financial plight of mass transit lines, the PUC takes long, close looks at all proposals to curtail or eliminate railroad or bus service. This urgency did not exist 10 years ago.

Railroads are in the merger era and many bus lines have met, or are flirting with, bankruptcy. Nevertheless, the PUC has rejected every effort by the railroads to end interstate and intrastate trains where patronage warrants continuance. It has pushed the fight to the Interstate Commerce Commission, which has the final word.

Anticipating the trend toward less passenger train service, the PUC for the first time in 1958 required railroads to give advance notice of passenger train curtailments.

Much commission effort also is centered on the serious problem of diminishing bus service. Where realistic appraisal of patronage and other factors show no alternative, the PUC has allowed bus lines to quit--but NOT UNTIL SOME FORM OF SUBSTITUTE SERVICE WAS ARRANGED.

Bus service was retained until the state's first transit authority was set up on March 2, 1959, to take over the Shenango Valley Transportation Co. operation in the Sharon-Parrell area. Similarly, the PUC made the Altoona and Logan Valley line stay in business until the Altoona authority was set up and took over on Nov. 1, 1959.

MASS TRANSIT
Page Two

It is perhaps in the metropolitan area where the PUC's interest in the regular and commuter rider is most apparent. It gave swift approval to Philadelphia's non-profit Passenger Service Improvement Corp. which provides low-cost commuter fares through combined use of railroad, bus, trolley and elevated lines. The result is an increase in riders and a salutary effect in easing downtown traffic.

The PUC's action on Jan. 16 this year upholding Philadelphia's subsidized transportation operations "clears the way for a true regional solution to the mass transportation problem," said City Solicitor David Berger.

He hailed the decision as a "turning point in preserving decent rail service for the Philadelphia region," and said it "safeguards Philadelphia's hard-won progress under former Mayor Richardson Dilworth to revitalize public transportation." He emphasized that an unfavorable decision could have "doomed" the regional rail network.

That significant step came as the PUC dismissed complaints that a 25 per cent commuter fare increase established in April, 1960, was discriminatory because it applied only to passengers on non-subsidized lines in suburban counties.

At stake was future of the city's current "Operations Northwest and Northeast," the contemplated "Operation North Penn" in Montgomery County, "Southeastern Penna. Transportation Compact" in Bucks County, and others representing the first low-cost transit experiment of its kind in the nation.

In addition to facilitating the PSIC operation, the PUC made monumental efforts last year to retain the Pittsburgh area's commuter trains and ease its transit-traffic complexities. The Pennsylvania Railroad's proposal to end all commuter service in the Pittsburgh suburbs was refused by the PUC in February, 1961, pending a solution of the area's critical mass transit problems by the Allegheny County Port Authority.

MASS TRANSIT
Page Three

Interested in keeping rail service alive by every reasonable means to preserve economy of affected communities the PUC joined the State Justice and Commerce departments in 1959 and succeeded in retaining for a year a number of the Lehigh Valley Railroad's main line trains in the state. Other trains, like the Harrisburg-Williamsport "Susquehannock," were kept on by PUC action until the Interstate Commerce Commission allowed them to be dropped under terms of the 1958 federal transportation act. The PUC is now trying to hold a number of other trains which PRR seeks to drop.

Moreover, moving strictly, though gingerly, within the framework of the law, the PUC succeeded through informal negotiation in ending bus strikes and restoring service--twice in hard hit Pittsburgh suburban areas in 1960 and 1961 and once earlier in Scranton.

A hopelessly stymied strike of the now defunct Harmony Short Line was settled after talks with the PUC. It took a fare increase to do it, but hard-hit communities like New Kensington and Tarentum, along with union drivers, agreed so that the buses could roll. Subsequently, the PUC let Harmony abandon service, but only after it arranged for other bus lines to cover Harmony lines. Similar action cleared labor disputes and restored service by the Bamford Motor Coach Co. and Scranton Transit Co., with both still operating.

The PUC's Harmony bus effort was cited by Gov. Lawrence in his testimony favoring the urban mass transit assistance bill before a Senate committee in Washington in March last year.

MASS TRANSIT
Page Four

With questions raised about it for the first time, the PUC in 1957 suspended what was supposed to be a five per cent fare increase sought by 11 bus lines operating inter-city routes in the state. An investigation showed the increases to be much higher in many cases as well as discriminatory.

The lines, represented by the National Bus Traffic Association, revised their proposal so that fares of short distance riders up to 50 cents were not raised at all. The PUC thus prevented boosts where they would have hit hardest and highest. This action cleared up, once and for all, a long-standing inequity. Inter-city lines have conformed to a non-discriminatory fare formula since.

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TRANSPORTATION
TRUCKS--TAXIS--AIRCRAFT

A new conception in enforcement of the certificated trucking industry and taxicab operations came last year to protect legitimate motor transport operators and prevent gouging of taxi patrons.

There is an unparalleled drive on throughout the state, and particularly in the Philadelphia and Pittsburgh areas, to rid the roads and streets of uncertificated vehicles which pose a serious threat to public safety and hurt the honest operators.

Working closely with the Pennsylvania Motor Truck Association and taxi officials, the PUC is slapping stiff fines on truck "gypsies" and suburban area cab drivers operating outside their franchised territory in Philadelphia and Pittsburgh.

A comparison of road checks for 1951 and 1961 shows that the PUC means business. There were 6,039 checks a decade ago in sharp contrast to the 28,052 last year. The accelerated enforcement is further reflected in the fact that truck and taxi violation fines nearly doubled in 1961 over 1951, or from \$10,200 to \$18,200. Penalty revenue is turned over to the state's general fund.

Investigators are hammering away at questionable lease deals depriving authorized truckers of business, and cracking down on carriers using interstate rights as a subterfuge to compete illegally in the state. The PUC scored a major victory for Pennsylvania truckers in 1960 when an Interstate Commerce Commission examiner upheld a ban on truckers using routes through the commonwealth and adjoining states to avoid the state regulatory agency's jurisdiction.

Greatly improved standards for taxicab operators were established in 1958, highlighted by unprecedented regulations requiring most of them to use meters. Since then, complaints of excessive charges have dropped drastically.

Suburban carriers are being watched also. In the Philadelphia and Pittsburgh areas following an inquiry in which a number of them were nabbed and handed maximum fines in recent months. Such illegal competition drains off dollars from certified cabbies and subjects riders to excessive rates and insurance hazards.

The PUC warned it would take whatever legal recourse it had to restore service by the Yellow Cab Co. in Philadelphia last year in wake of a long strike. Gov. Lawrence about the same time initiated action that put the cabs back on the streets, pending a fact-finding committee's recommendations which ultimately kept service going.

The commission does not have a large role in the regulation of airlines, but it maintains a hawk-like watch on rates proposed by the major carriers for intrastate flights. So much so that it challenged and suspended a rate increase asked by five major lines for flights within the state in July, 1969. While the increase went into effect the following November, it marked the first time anywhere that a state utility rate agency had taken such initiative.

Otherwise, it makes sure that dozens of chartered intrastate planes are in top flying condition and rates are not out of line.

GENERAL PUBLIC SAFETY AND CONVENIENCE

One of the gravest responsibilities vested in the PUC is the fixed utility and transportation user's safety and convenience. That the commission recognizes this fact and discharges its duty with distinction is shown in a panorama of the entire service front, particularly during the latter part of the past decade.

Safety is pursued through every avenue, be it trains, railroad crossings, buses, taxicabs, transmission lines or plants.

The commission's new "Investigations, Service and Enforcement Bureau" was created last year expressly to uncork the most dynamic, broad-ranging campaign ever to protect and increase public safety. (Details of the bureau are outlined in a separate subject.)

The bureau maintains a laboratory in Harrisburg to check accuracy of meters which record electric, gas and water use. Special equipment is used in this important area of customer convenience to "prove" devices with which utilities make periodic checks of meters. A close watch is maintained by the PUC on the instruments since they determine monthly service rates.

Here are some conclusive-proof highlights:

- 1) Deeply concerned over a number of fatalities and injuries on exit from Philadelphia Transportation Co. buses, a probe was opened last year to determine whether doors on the vehicles should be timed to stay open longer. The checkup is still under way and steps will be taken to prevent the door accidents when the inquiry is completed.

2) Just this month the PUC removed a major barrier to the air-conditioning of PTC buses when it ruled that its approval is not needed for purchase of such cooling equipment for rider convenience during summer months. It was this position that the city urged the commission to take. That action leaves only disposition of court litigation over company opposition to the air-conditioning experiment.

3) Following a fatal natural gas explosion in Homestead late last year, the PUC started an investigation to determine whether the state's gas utilities had adequate safety equipment. Generally, the plants were found safe, but the PUC found a number of companies lacked an auxiliary pressure-reducing safety device which could avert explosions in cases where the prime regulator fails. This safety adjunct is now being installed and every gas utility will have them by end of 1962.

4) The PUC in 1960 wasted no time in ending a strike against the Manufacturers Light and Heat Co. in Pittsburgh in the interest of public safety. Company and union officials were called together informally. Result: The walkout ended and danger from leaking gas, of serious concern to a number of communities, was ended when maintenance men went back on the job.

5) Disturbed by complaints against dirty and rusty water, the PUC stepped up in the late 50's and is continuing a drive to provide potable supplies for drinking and clothes washing. A notable move was made in this direction last year in a directive to the Pennsylvania Gas & Water Co. (formerly Scranton-Spring Brook) in the Scranton area. Considerable progress has been made to eliminate unsatisfactory conditions.

6) The Pennsylvania and Reading railroads were ordered in 1960 to protect passengers from possible death and injury from stone throwers breaking train windows. PRR and Reading agreed to gradually replace plate glass windows with safety glass, particularly in the Philadelphia commuter area where stone throwing incidents have been worst. Further, substantial compliance followed a 1959 order on the railroads to clean up dirty trains.

7) Under a series of orders since 1959 in a drive still at full speed, the PUC has developed greater employee safety in railroad yards through creation of greater track clearances, improved trackside storage, better lighting and removal of debris.

8) Sustaining a union complaint in 1959 that passenger interference with drivers on Pittsburgh Railways buses created hazards, the commission ordered installation of railings in buses to keep operators from being jostled.

9) The PUC served as the liaison to preserve steam heat service for 206 customers in the Windber area of Somerset County. It unofficially arranged for them to form a cooperative this month and take over the financially embarrassed Windber Heating Co.

10) The PUC pressed the Federal Power Commission into an okay of prompt delivery of natural gas to the Honesdale Gas Co. in the Milford area of Pike County to make sure that 100 customers could keep warm during the winter of 1959-60.

RAILROAD-HIGHWAY CROSSING SAFETY

There is an unending program to increase safety at railroad grade crossings, and PUC efforts have resulted in an encouraging reduction in fatalities and injuries. Where costs are not properly allocable to railroads and municipalities, thousands of dollars are, and have been, appropriated to a special state fund for protection at unguarded crossings in rural areas. Otherwise, these improvements could not materialize at these places, many of them dangerous.

While deaths and injuries are dropping steadily, highway traffic congestion is being eased at many points throughout the commonwealth by gradual elimination of hazardous rail intersections.

PUC records show there were 10,812 grade crossings in 1951 as contrasted with 10,295 in 1961, a drop of 517. There were 570 casualty and non-casualty accidents a decade ago, and 61 persons were killed and 149 injured. Statistics for last year show that crossing accidents dropped to 283. Fatalities and injuries nosedived to 24 and 67 respectively.

Luster is added to these life and limb saving figures in State Motor Vehicles Bureau records showing skyrocketing registration of automobiles and trucks. There were 4,302,668 of them in 1960 as contrasted with 3,338,059 in 1951.

Construction of limited access roads and bypass routes, in addition to constantly expanding highway improvements which zig-zag the state under Highways Department action, has removed many at-grade crossings. In their place are modern steel and concrete bridges or underpasses separating growing traffic flows from railroad tracks.

Where common sense dictates that grade crossings remain, the PUC considers the public safety first in ordering retention of watchmen or substitution of automatic flashing signals and gates. Each case is decided on the particular conditions involved.

RAILROAD-HIGHWAY CROSSING SAFETY
Page Two

In 1951 approximately 125 formal applications were filed with the commission involving alteration, construction, elimination or protection of highway-rail crossings calling for improvements at an estimated cost of \$26,750,000. Reflecting an accelerated highway program, a total of 304 such applications were filed in 1961. While many of these crossing applications are still pending, due to the complexity of the problems involved, those actually processed during the year involved construction costs of approximately \$53,000,000.

During 1961 the commission had before it seven applications of Department of Highways for the construction of the northern section of the Delaware Expressway in Philadelphia and Bucks County. The cost of work involved in the construction of these sections is estimated by the department as \$14,800,000.

During the past year, grade crossings involved in the construction of the Anthracite Expressway in the Scranton area were also before the PUC. The portions of Expressway covered by commission orders are estimated to cost approximately \$22,000,000.

Another typical project handled during 1961 was the Cornwall By-Pass to eliminate a dangerous underpass and a narrow, circuitous stretch of primary state highway. A five mile limited-access highway, including two grade separation projects, was approved by the commission to overcome dangerous conditions.

TRANSPORTATION ACCIDENT STATISTICS ✓

<u>CLASS</u>	<u>1951</u>			<u>1961</u>		
	<u>ACCIDENTS</u>	<u>KILLED</u>	<u>INJURED</u>	<u>ACCIDENTS</u>	<u>KILLED</u>	<u>INJURED</u>
Railroads	2134	168	2153	1314	78	1283
Street Railways	3377	38	3935	1020	9	1345
Motor Trans- portation	1797	35	2401	1639	25	2429
Totals	7308	241	8489	3973	112	5057

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The material decrease in railroad accidents noted above reflects the fact that in the past decade automatically operated protective devices have been installed at many highway-railroad crossings. Further, employe accidents have been curtailed by new regulations requiring illumination of thousands of switch lamps and construction of walkways and rails on approximately 100 railroad bridges.

STATISTICS

UTILITY PLANT EXPANSION, CUSTOMER AND REVENUE GAINS

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1. The first part of the paper is devoted to a general discussion of the problem of the existence of solutions of the system of equations

2. The second part of the paper is devoted to a detailed study of the case of the system of equations

3. The third part of the paper is devoted to a study of the case of the system of equations

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STATISTICS
VOLUME OF FORM COMPARISON
1951-1961

